CFP BOARD

REDLINE COMPARING INITIAL PROPOSED TO THE REVISED PROPOSED CODE OF ETHICS AND STANDARDS OF CONDUCT

PUBLIC RELEASE DATE: DECEMBER 20, 2017

Code of Ethics and
Standards of Conduct

Preamble

CFP Board's *Code of Ethics and Standards of Conduct* reflects the commitment that all CFP® professionals make to high standards of competency and ethics. CFP Board's *Code and Standards* benefits and protects the public, provides standards for delivering financial planning, and advances financial planning as a distinct and valuable profession. Compliance with the *Code and Standards* is a requirement of CFP® certification that is critical to the integrity of the CFP® marks. Violations of the *Code and Standards* may subject a CFP® professional to discipline.

Code of Ethics

A CFP® professional must:

1. Act with honesty, integrity, competence, and diligence.

2. Act in the client's best interests.

3. Exercise due care.

4. Avoid or disclose and manage conflicts of interest.

5. Maintain the confidentiality and protect the privacy of client information.

6. Act in a manner that reflects positively on the financial planning profession and CFP® certification.

Standards of Conduct

A. Duties Owed to Clients

1. Fiduciary Duty

When providing Financial Advice to a Client, a~~A~~ CFP® professional must at all times act as a fiduciary, ~~when providing Financial Advice to a Client,~~ and therefore, act in the best interest of the Client. In this regard:

a. Duty of Loyalty. A CFP® professional must:

i. Place the interests of the Client above the interests of the CFP® professional and the CFP® Professional's Firm;

ii. Seek to avoid Conflicts of Interest, or fully disclose Material Conflicts of Interest to the Client, obtain the Client's informed consent, and properly manage the conflict; and

iii. Act without regard to the financial or other interests of the CFP® professional, the CFP® Professional's Firm, or any individual or entity other than the Client, which means that a CFP® professional acting under a Conflict of Interest continues to have a duty to act in the best interest of the Client and place the Client's interest above the CFP® professional's.

b. Duty of Care. A CFP® professional must act with the care, skill, prudence, and diligence that a prudent professional would exercise in light of the Client's goals, risk tolerance, objectives, and financial and personal circumstances.

c. Duty to Follow Client Instructions. A CFP® professional must comply with all objectives, policies, restrictions, and other terms of the Engagement and all reasonable and lawful directions of the Client.

2. Integrity

A CFP® professional must perform Professional Services with integrity. Integrity demands honesty and candor, which may not be subordinated to personal gain or advantage. Allowance may be made for innocent error and legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of principle. A CFP® professional may not, directly or indirectly, in the conduct of Professional Services:

a. Employ any device, scheme, or artifice to defraud;

b. Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

c. Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

3. Competence

A CFP® professional must provide Professional Services with competence, which means with relevant knowledge and skill to apply that knowledge. When the CFP® professional is not sufficiently competent ~~does not have sufficient competency~~ in a particular area to provide the Professional Services required under the Engagement, the CFP® professional must gain competence, obtain the assistance of a competent professional, limit or terminate the Engagement, and/or refer the Client to a competent professional. The CFP® professional shall describe to the Client any requested Professional Services that the CFP® professional will not be providing.

4. Diligence

A CFP® professional must provide Professional Services, including responding to reasonable Client inquiries, in a timely and thorough manner.

5. Disclose and Manage Conflicts of Interest

a. Disclose Conflicts. When providing Financial Advice, a CFP® professional must make full disclosure of all Material Conflicts of Interest with the CFP® professional's Client that could affect the professional relationship. This obligation requires the CFP® professional to provide the Client with sufficiently specific facts so that the Client is able to understand the CFP® professional's Conflicts of Interest and the business practices that give rise to the conflicts, and give informed consent to such conflicts or reject them.

A sincere belief by a CFP® professional with a Material Conflict of Interest that he or she is acting in the best interest of the Client is insufficient to excuse failure to make full disclosure.

i. In determining whether to infer that a Client has consented to a Material Conflict of Interest, CFP Board will evaluate whether a reasonable Client receiving the disclosure would have understood the conflict and how it could affect the advice the Client will receive from the CFP® professional. The greater the potential harm the conflict presents to the Client, and the more significantly a business practice that gives rise to the conflict departs from commonly accepted practices among CFP® professionals, the less likely it is that CFP Board will infer informed consent absent clear evidence otherwise. Ambiguity in the disclosure provided to the Client will be interpreted in favor of the Client.

ii. Written consent to a conflict is not required.

b. Manage Conflicts. A CFP® professional must adopt and follow business practices reasonably designed to prevent Material Conflicts of Interest from compromising the CFP® professional's ability to act in the Client's best interests.

6. Sound and Objective Professional Judgment

A CFP® professional must exercise professional judgment on behalf of the Client that is not subordinated to the interest of the CFP® professional or others. A CFP® professional may not solicit or accept any gift, ~~benefit,~~ gratuity, entertainment, non-cash compensation, or other consideration that reasonably could be expected to compromise the CFP® professional's objectivity.

7. Professionalism

A CFP® professional must treat Clients, prospective Clients, fellow professionals, and others with dignity, courtesy, and respect.

8. Comply with the Law

a. A CFP® professional must comply with the laws, rules, and regulations governing P~~p~~rofessional Services~~activities~~.

b. A CFP® professional may not intentionally or recklessly participate or assist in another person's violation of these Standards or the laws, rules, or regulations governing P~~p~~rofessional Services~~activities~~.

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9. Confidentiality and Privacy

a. A CFP® professional must keep confidential and may not disclose any non-public personal information about any prospective, current, or former Client ("client"), except that the CFP® professional may disclose information:

i. For ordinary business purposes:

a) With the client's consent, so long as the client has not withdrawn the consent;

b) To a CFP® professional's employer, partners, employees, or other persons with whom the CFP® professional is providing services to or for the client, when necessary to perform those services;

c) As necessary to provide information to the CFP® professional's attorneys, accountants, and auditors; and

d) To a person acting in a representative capacity on behalf of the client;

ii. For legal and enforcement purposes:

a) To law enforcement authorities concerning suspected unlawful activities, to the extent permitted by the law;

b) As required to comply with federal, state, or local law;

c) As required to comply with a properly authorized civil, criminal, or regulatory investigation or examination, or subpoena or summons, by a governmental authority;

d) As necessary to defend against allegations of wrongdoing made by a governmental authority;

e) As necessary to present a civil claim against, or defend against a civil claim raised by, a client;

f) As required to comply with a request from CFP Board concerning an investigation or adjudication; and

g) As necessary to provide information to professional organizations that are assessing the CFP® professional's compliance with professional standards.

b. A CFP® professional may not use any non-public personal information about a client for his or her direct or indirect personal benefit, whether or not it causes detriment to the client, unless the client consents.

c. A CFP® professional, either directly or through the CFP® Professional's Firm, must take reasonable steps to protect the security of non-public personal information about any client, including the security of information stored physically or electronically, from unauthorized access that could result in harm or inconvenience to the client.

d. A CFP® professional, either directly or through the CFP® Professional's Firm, must adopt and implement policies regarding the protection, handling, and sharing of a client's non-public personal information and must provide clients with written notice of those policies.

~~10. Provide Information to a Prospective Client~~

~~a. A CFP® professional must provide to a prospective Client (a person to whom the CFP® professional reasonably anticipates providing Financial Advice) a plain English summary of Material information about the CFP® professional and the CFP® Professional's Firm ("Introductory Information").~~

~~b. A CFP® professional will satisfy the requirements of this Standard by delivering to a prospective Client a properly-completed Form ADV Parts 2A and 2B, a substantially-similar document, or a document containing the following information:~~

~~i. A description of the services and categories of financial products that the CFP® professional offers to clients;~~

~~A description of how the Client pays, and how the CFP® professional and the CFP® Professional's Firm are compensated, for providing services and products;~~

~~A brief summary of the following Conflicts of Interest (if applicable): the offering of proprietary products, receipt of third-party payments for recommending products, material limitations on the universe of products, the receipt of bonuses or other non-cash compensation for selling products, and the receipt of additional compensation when the Client increases the amount of assets under management; and~~

~~A link to or URL for the relevant webpages of any public website of any governmental authority, self-regulatory organization, or professional organization, that sets forth the CFP® professional's public disciplinary history or any personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person, if any.~~

~~c. A CFP® professional must provide the Introductory Information at the time of the initial consultation or as soon as practicable thereafter.~~

~~d. A CFP® professional must provide the Introductory Information in writing unless the CFP® professional has a reasonable basis for providing the information orally, taking into account the anticipated scope of services to be provided, the firm's business practices, and the prospective Client's preferences. A CFP® professional may deliver the Introductory Information electronically.~~

~~e. Prior to entering into an engagement, a CFP® professional must disclose to the prospective Client any Material changes to the Introductory Information.~~

~~11.~~10. Provide Information to a Client

a. When providing or agreeing to provide Financial Advice that does not require Financial Planning in accordance with the Practice Standards, ~~When required to comply with the Practice Standards~~a CFP® professional must provide the following information to the Client, prior to or at the time of the Engagement, and document that the information has been provided to the Client~~, in one or more written documents, if not previously provided in writing~~:

~~i. The terms of the Engagement between the Client and the CFP® professional or the CFP® Professional's Firm, including the Scope of the Engagement and any limitations, the period(s) for which the services will be provided, and the Client's responsibilities;~~

~~ii.~~i. A description of the services and products to be provided, how the Client pays for the products and services, and how the CFP® professional and the CFP® Professional's Firm are compensated~~,~~ for providing the products and services~~ and products to the Client~~;

ii. A description of the additional types of costs that the Client may incur, including product management fees, surrender charges, and sales loads;

iii. Identification of any Related Party that will receive compensation for providing services or offering products;

~~iii. Full disclosure of all Material Conflicts of Interest;~~

iv. The location(s), if any, ~~A link to or URL~~ of ~~for~~ the ~~relevant~~ webpages of all relevant ~~any~~ public websites ~~-~~of any governmental authority, self-regulatory organization, or professional organization~~,~~ that sets forth the CFP® professional's public disciplinary history or any personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person~~, if any~~; and

v. Any other information about the CFP® professional or the CFP® Professional's Firm that is Material to a Client's decision to engage or continue to engage the CFP® professional or the CFP® Professional's Firm.

b. When providing or required to provide Financial Planning in accordance with the Practice Standards, a CFP® professional must provide the following information to the Client, prior to or at the time of Engagement, in one or more written documents:

i. The information required to be provided when providing Financial Advice; and

ii. The terms of the Engagement between the Client and the CFP® professional or the CFP® Professional's Firm, including the Scope of Engagement and any limitations, the period(s) during which the services will be provided, and the Client's responsibilities. A CFP® professional is responsible for implementing, monitoring, and updating unless specifically excluded from the Scope of Engagement.

~~b.~~c. A CFP® professional has an ongoing obligation to ~~must~~ provide to the Client~~, in writing,~~ any information that is a Material change or update to the information required to be provided to the Client~~ in writing~~. ~~This information must be provided at least annually, except for~~ Material changes and updates to public disciplinary history or bankruptcy information~~, which~~ must be disclosed to the Client within ninety days, together with the location(s) of ~~a link to or URL for~~ the relevant webpages.

~~12. Document~~

~~In providing Financial Advice, a CFP® professional must act prudently in documenting information that the facts and circumstances require to be documented to act in the best interest of the Client, taking into account the significance of the information and the need to preserve the information in writing.~~

~~13.~~11. Duties When Communicating with a Client

~~a.~~ A CFP® professional must provide a Client with accurate information, in accordance with the Engagement, and in response to reasonable Client requests, in a manner and format that a Client reasonably may be expected to understand.

~~b. A CFP® professional must disclose to Clients any public disciplinary history or any personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person.~~

~~14.~~12. Duties When Representing Compensation Method

A CFP® professional must ~~may~~ not make false or misleading representations regarding the CFP® professional's or the CFP® Professional's Firm's method(s) of compensation.

a. Specific Representations

i. Fee-Only. A CFP® professional may represent his or her compensation method as "fee-only" only if:

a) The CFP® professional and the CFP® Professional's Firm receive no Sales-Related Compensation; and

b) Related Parties receive no Sales-Related Compensation in connection with any Professional Services the CFP® professional or the CFP® Professional's Firm provides to Clients.

ii. Fee-Based. CFP Board uses the term "fee and commission" to describe the compensation method of those who receive both fees and Sales-Related Compensation. A CFP® professional who represents that his or her compensation method is "fee-based" or any other term that is not fee-only must:

a) Not use the term in a manner that suggests the CFP® professional or the CFP® Professional's Firm is fee-only; and

b) Clearly state that either the CFP® professional earns fees and commissions, or the CFP® professional is not fee-only.

b. Sales-Related Compensation. Sales-Related Compensation is more than a de minimis economic benefit, including any bonus or portion of compensation, for purchasing, holding for purposes other than providing Financial Advice, or selling a Client's Financial Assets, or for the referral of a Client to any person or entity other than the CFP® Professional's Firm. Sales-Related Compensation includes, for example, commissions, trailing commissions, 12(b)-1 fees, spreads, ~~charges,~~ transaction fees, revenue sharing, referral or solicitor fees, or similar consideration. Sales-Related Compensation does not include:

i. Soft dollars (any research or other benefits received in connection with Client brokerage that qualifies for the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934);

ii. Reasonable and customary fees for custodial or similar administrative services if the fee or amount of the fee is not determined based on the amount or value of Client transactions;

iii. Reasonable and customary fees for Professional Services, other than for solicitations and referrals, the CFP® professional or CFP® Professional's Firm provides to a Client that are collected and distributed by another service provider, including under a Turnkey Asset Management Platform; or

~~ii.~~iv. A fee the ~~The receipt by a~~ Related Party solicitor receives ~~of a fee~~ for soliciting clients for the CFP® professional or the CFP® Professional's Firm.

c. Related Party. A person or business entity (including a trust) whose receipt of Sales-Related Compensation a reasonable CFP® professional would view as benefiting the CFP® professional or the CFP® Professional's Firm, including, for example, as a result of the CFP® professional's ownership stake in the business entity. There is a rebuttable presumption that a Related Party includes:

i. Family Members. A member of the CFP® professional's F~~f~~amily and any business entity that the F~~f~~amily or members of the F~~f~~amily C~~c~~ontrol; and

ii. Business Entities. A business entity that the CFP® professional or the CFP® Professional's Firm C~~c~~ontrols, or that is C~~c~~ontrolled by or is under common C~~c~~ontrol with, the CFP® Professional's Firm. ~~Control is the power, directly or indirectly, to direct the management or policies of a business entity, whether through ownership of securities, by contract or otherwise.~~

d. In Connection with any Professional Services. Sales-Related Compensation received by a Related Party is "in connection with any Professional Services" if it results, directly or indirectly, from Client transactions referred or facilitated by the CFP® professional or the CFP® Professional's Firm.

e. Safe Harbor for Related Parties. Sales-Related Compensation received by a Related Party is not "in connection with any Professional Services" if the CFP® professional or the CFP® Professional's Firm adopts and implements policies and procedures reasonably designed to prevent the CFP® professional or the CFP® Professional's Firm from recommending that any Client purchase Financial Assets from or through, or refer any Clients to, the Related Party.

f. Misrepresentations by a CFP® Professional's Firm. A CFP® professional who C~~c~~ontrols the CFP® Professional's Firm may not allow the CFP® Professional's Firm to make false or misleading representations of compensation method. A CFP® professional who does not C~~c~~ontrol the CFP® Professional's Firm must correct a CFP® Professional's

Firm's misrepresentations of compensation method by accurately representing the CFP® professional's compensation method to the CFP® professional's Clients ~~the CFP® Professional's compensation method~~.

~~15.~~13. Duties When Recommending, Engaging, and Working with Additional Persons

a. When engaging or recommending the selection or retention of additional persons to provide financial or Professional Services for a Client, a CFP® professional must:

i. Have a reasonable basis for the recommendation or Engagement based on the person's reputation, experience, and qualifications;

ii. Disclose to the Client, at the time of the recommendation or prior to the Engagement, any arrangement by which someone who is not the Client will compensate or provide some other material economic benefit to the CFP® professional, the CFP® Professional's Firm, or a Related Party for the recommendation or Engagement; and

iii. When engaging a person to provide services for a Client, exercise reasonable care to protect the Client's interests.

b. When working with another financial or Professional Services provider on behalf of a Client, a CFP® professional must:

i. Communicate with the other provider about the scope of their respective services and the allocation of responsibility between them; and

ii. Inform the Client in a timely manner if the CFP® professional has a reasonable belief that the other provider's services were not performed in accordance with the scope of services to be provided and the allocation of responsibilities.

~~16.~~14. Duties When Selecting, ~~Recommending, and~~ Using, and Recommending Technology

a. A CFP® professional must exercise reasonable care and judgment when selecting, using, or recommending any software, digital advice tool, or other technology while providing Professional Services to a Client.

b. A CFP® professional must have a reasonable level of understanding of the assumptions and outcomes of the technology employed.

c. A CFP® professional must have a reasonable basis for believing that the technology produces reliable, objective, and appropriate outcomes.

~~17.~~15. Refrain from Borrowing or Lending Money and Commingling Financial Assets

a. A CFP® professional may not, directly or indirectly, borrow money from or lend money to a Client unless:

i. The Client is a member of the CFP® professional's Family~~immediate family (parents, grandparents, mother-in-law or father-in-law, spouse, spousal equivalent, or domestic partner, brother or sister, brother-in-law or sister-in-law, son-in law or daughter-in-law, children, grandchildren, cousin, aunt or uncle, or~~

~~niece or nephew, and any other person whom the CFP® professional supports, directly or indirectly, to a material extent)~~;~~,~~ or

ii. The lender is a business organization or legal entity in the business of lending money.

b. A CFP® professional may not commingle a Client's Financial Assets with the Financial Assets of the CFP® professional or the CFP® Professional's Firm.

B. Financial Planning and Application of the Practice Standards for the Financial Planning Process

1. Financial Planning Definition. Financial Planning is a collaborative process that helps maximize a Client's potential for meeting life goals through Financial Advice that integrates relevant elements of the Client's personal and financial circumstances.

2. Examples of Relevant Elements of the Client's Personal and Financial Circumstances. Relevant elements of personal and financial circumstances vary from Client to Client, and may include the Client's need for or desire to: develop goals, manage assets and liabilities, manage ~~a budget~~cash flow, identify and manage risks, identify and manage the financial effect of ~~address~~ health considerations, provide for educational needs, achieve financial security, preserve or increase wealth, ~~manage taxes~~identify tax considerations, prepare for retirement, pursue philanthropic interests, and address estate and legacy matters.

3. Application of Practice Standards. The Practice Standards set forth the financial planning process. A CFP® professional must comply with the Practice Standards when:

a. The CFP® professional agrees to provide or provides (i) Financial Planning; or (ii) Financial Advice that requires integration of relevant elements of the Client's personal and/or financial circumstances in order to act in the Client's best interest ("Financial Advice that Requires Financial Planning"); or

b. The Client has a reasonable basis to believe the CFP® professional will provide or has provided Financial Planning.

4. ~~Rebuttable Presumption that the Practice Standards Apply~~. ~~There is a rebuttable presumption that a CFP® professional providing Financial Advice is required to integrate relevant elements of the Client's personal and/or financial circumstances in order to act in the Client's best interest, and thus is required to comply with the Practice Standards.~~ Integration Factors. Among the factors that CFP Board will weigh in determining whether a CFP® professional has agreed to provide or provided Financial Advice that Requires Financial Planning are:

a. The number of relevant elements of the Client's personal and financial circumstances that the Financial Advice affects;

b. The portion and amount of the Client's Financial Assets that the Financial Advice may affect;

c. The length of time the Client's personal and financial circumstances may be affected by the Financial Advice;

d. The effect on the Client's overall exposure to risk if the Client implements the Financial

Advice; and

e. The barriers to modifying the actions taken to implement the Financial Advice.

5. CFP Board Evaluation. In a disciplinary proceeding in which a CFP® professional denies CFP Board's allegation that the CFP® professional was required to comply with the Practice Standards, the CFP® professional must demonstrate that compliance with the Practice Standards was not required.

~~5.~~6. No Client Agreement to Engage for Financial Planning. If a CFP® professional otherwise must comply with the Practice Standards~~ to provide the requested services~~, but the Client does not agree to engage the CFP® professional to provide Financial Planning, the CFP® professional must:~~ inform the Client how that decision may constrain the CFP® professional's Financial Advice, and:~~

a. Not enter into the Engagement;

~~a.~~b. Limit the Scope of the Engagement to services that do not require application of the Practice Standards, and describe to the Client the services the Client requests that the CFP® professional will not be performing;

c. Inform the Client how Financial Planning would benefit the Client and how the decision not to engage the CFP® professional to provide Financial Planning may limit the CFP® professional's Financial Advice, and p~~P~~rovide the requested services ~~subject to the constraint that occurs from not providing Financial Planning.~~without complying with the Practice Standards; or

~~b.~~d. ~~Not enter into, or t~~Terminate the Engagement.~~;~~

C. Practice Standards for the Financial Planning Process

In complying with the Practice Standards, a CFP® professional must act prudently in documenting information, as the facts and circumstances require, taking into account the significance of the information, the need to preserve the information in writing, the obligation to act in the Client's best interest, and the CFP® Professional's Firm's policies and procedures.

1. Understanding the Client's Personal and Financial Circumstances

a. *Obtaining Qualitative and Quantitative Information*. A CFP® professional must describe to the Client the qualitative and quantitative information concerning the Client's personal and financial circumstances needed to fulfill the Scope of the Engagement~~,~~ and collaborate with the Client to obtain the information.

i. Examples of qualitative or subjective information include the Client's health, life expectancy, family circumstances, values, attitudes, expectations, earnings potential, ~~financial experiences, risk capacity and~~ risk tolerance, goals, needs, priorities, and current course of action.

ii. Examples of quantitative or objective information include the Client's age, dependents, other professional advisors~~ assets, liabilities~~, income, expenses, cash flow, savings, assets, liabilities, available resources, liquidity, taxes, employee benefits, ~~savings,~~ government benefits, ~~available resources, liquidity,~~

insurance coverage, estate plans, education ~~plans,~~ and retirement accounts and benefits, ~~plans.~~and capacity for risk.

b. *Analyzing Information.* A CFP® professional must analyze the qualitative and quantitative information to assess the Client's personal and financial circumstances.

c. *Addressing Incomplete Information*. If unable to obtain information necessary to fulfill the Scope of the Engagement, the CFP® professional must either limit the Scope of the Engagement to those services the CFP® professional is able to provide or terminate the Engagement.

2. Identifying and Selecting Goals

a. *Identifying Potential Goals.* A CFP® professional must discuss with the Client the CFP® professional's assessment of the Client's financial and personal circumstances, and help the Client identify goals, noting the impact that selecting a particular goal may have on other goals. In helping the Client identify goals, the CFP® professional must discuss with the Client, and apply, reasonable assumptions and estimates. These may include life expectancy, inflation rates, tax rates, investment returns, and other Material assumptions and estimates.

b. *Selecting and Prioritizing Goals*. A CFP® professional must help the Client select and prioritize goals. The CFP® professional must discuss with the Client any goals the Client has selected that the CFP® professional believes are not realistic.

3. Analyzing the Client's Current Course of Action and Potential ~~Recommendation~~Alternative Course(s) of Action

a. *Analyzing Current Course of Action*. A CFP® professional must analyze the Client's current course of action, including the material advantages and disadvantages of the current course and whether the current course maximizes the potential for meeting the Client's goals.

b. *Analyzing Potential ~~Recommendations~~Alternative Courses of Action*. Where appropriate, a CFP® professional must consider and analyze one or more potential ~~recommendations~~alternative courses of action, including ~~the recommendation's~~ their material advantages and disadvantages, whether ~~the recommendation~~ they help~~s~~ maximize the potential for meeting the Client's goals, and how ~~the recommendation~~ they integrate~~s~~ the relevant elements of the Client's personal and financial circumstances.

4. Developing the Financial Planning Recommendation(s)

~~*Developing the Recommendation(s)*.~~ From the potential courses of action, a~~A~~ CFP® professional must select one or more recommendations designed to maximize the potential for meeting the Client's goals. The recommendation may be to continue the Client's current course of action. For each recommendation selected, the CFP® professional must consider the following information:

a. The assumptions and estimates used to develop the recommendation;

b. The basis for making the recommendation, including how the recommendation is designed to maximize the potential to meet the Client's goals, the anticipated material effects of the recommendation on the Client's financial and personal circumstances, and how the recommendation integrates relevant elements of the Client's personal and financial circumstances;

c. The timing and priority of the recommendation; and

d. Whether the recommendation is independent or must be implemented with another recommendation.

5. Presenting the Financial Planning Recommendation(s)

~~*Presenting Recommendations*.~~ A CFP® professional must present to the Client the selected recommendations ~~to the Client and discuss with the Client~~ and the information that was required to be considered when developing the recommendation(s).

6. Implementing the Financial Planning Recommendation(s)

a. *Addressing Implementation Responsibilities*. A CFP® professional must establish ~~discuss~~ with the Client whether the CFP® professional has implementation responsibilities. ~~A CFP® professional is responsible for implementation unless implementation is specifically excluded from the Scope of Engagement.~~ When the CFP® professional has implementation responsibilities, the CFP® professional must communicate to the Client the recommendation(s) being implemented and the responsibilities of the CFP® professional, the Client, and any third-party with respect to implementation.

b. *Identifying, Analyzing, and Selecting Actions, Products and Services*. A CFP® professional who has implementation responsibilities must identify and analyze actions, products, and services designed to implement the recommendations. The CFP® professional must consider the basis for each selection, which must include:

i. How the action, product, or service is designed to implement the CFP® professional's recommendation; and

ii. The advantages and disadvantages of the action, product, or service relative to reasonably available alternatives.

c. *Recommending Actions, Products, and Services for Implementation.* A CFP® professional who has implementation responsibilities must recommend one or more actions, products and services to the Client. The CFP® professional must discuss with the Client the basis for selecting an action, product, or service, the timing and priority of implementing the action, product, or service, and describe any Conflicts of Interest concerning the action, product, or service.

d. *Selecting and Implementing Actions, Products, or Services.* A CFP® professional who has implementation responsibilities must help the Client select and implement the actions, products, or services. The CFP® professional must discuss with the Client any Client selection that deviates from the actions, products, and services the CFP® professional recommended.

7. Monitoring Progress and Updating

a. ~~*Addressing*~~ *Monitoring and Updating Responsibilities*. A CFP® professional must establish~~discuss~~ with the Client whether the CFP® professional has monitoring and updating responsibilities. ~~A CFP® professional is responsible for monitoring and updating unless monitoring and updating is specifically excluded from the Scope of Engagement.~~ When the CFP® professional has responsibilities for monitoring and updating, the CFP® professional must communicate to the Client:

i. Which actions, products, and services are and are not subject to the CFP® professional's monitoring responsibility;

ii. How and when the CFP® professional will monitor the actions, products, and services;

iii. The Client's responsibility to inform the CFP® professional of any Material changes to the Client's qualitative and quantitative information;

iv. The CFP® professional's responsibility to update the financial planning recommendations; and

v. How and when the CFP® professional will update the financial planning recommendations.

b. *Monitoring the Client's Progress. A* CFP® professional who has monitoring responsibility must analyze, at appropriate intervals, the progress toward achieving the Client's goals. The CFP® professional must review ~~discuss~~ with the Client the results of the CFP® professional's analysis.

c. *Obtaining Current Qualitative and Quantitative Information*. A CFP® professional who has monitoring responsibility must collaborate with the Client in an attempt to obtain current qualitative and quantitative information concerning the Client's personal and financial circumstances.

d. *Updating Goals, Recommendations, or Implementation Decisions*. ~~If the progress toward achieving the Client's goals, the Material changes~~ Where a CFP® professional has updating responsibility, and ~~updates to the Client's qualitative and quantitative information, or other~~ circumstances warrant ~~an update~~changes to the Client's goals, recommendations, or selections of actions, products or services, the CFP® professional must update as appropriate in accordance with these Practice Standards.

D. Duties Owed to Firms and ~~Employers, Principals, and~~ Subordinates

1. Use Reasonable Care When Supervising

A CFP® professional must exercise reasonable care when supervising persons acting under the CFP® professional's direction, including employees and other persons over whom the CFP® professional has responsibility, with a view toward preventing violations of applicable laws, rules, regulations, and these Standards.

2. Comply with Lawful Objectives of CFP® Professional's Firm~~Employer/Principal~~

A CFP® professional:~~-~~

a. W~~w~~ill be subject to discipline by CFP Board for violating policies and procedures of the CFP® Professional's Firm ~~employer/principal~~ that do not conflict with these Standards.

b. ~~A CFP® professional w~~Will not be subject to discipline by CFP Board for violating policies and procedures of the CFP® Professional's Firm ~~employer/principal~~ that conflict with these Standards.

3. Provide Notice of Public Discipline

A CFP® professional ~~who is an employee/agent~~ must promptly advise the CFP® Professional's Firm~~his or her current employer/principal~~, in writing, of any public discipline imposed by CFP Board.

E. Duties Owed to CFP Board

1. Definitions. The following definitions apply:

a. Felony. A felony offense, or for jurisdictions that do not differentiate between a felony and a misdemeanor, an offense punishable by a sentence of at least one-year imprisonment or a fine of at least $1,000.

b. Relevant Misdemeanor. A criminal offense, that is not a Felony, for conduct involving fraud, theft, misrepresentation, other dishonest conduct, crimes of moral turpitude, violence, or a second (or more) alcohol and/or drug-related offense.

c. Regulatory Investigation. An investigation initiated by a federal, state, local, or foreign governmental agency, self-regulatory organization, or other regulatory authority. A Regulatory Investigation does not include preliminary or routine regulatory inquiries or requests for information, deficiency letters, "blue sheet" requests or other trading questionnaires, or examinations.

d. Regulatory Action. An action or proceeding initiated by a federal, state, or foreign governmental agency, self-regulatory organization, or other regulatory authority.

e. Civil Action. A lawsuit, arbitration, or mediation.

f. Finding. A finding includes an adverse final action and a consent decree in which the finding is neither admitted nor denied, but does not include a deficiency letter, examination report, memorandum of understanding, or similar informal resolution of a matter.

~~f.~~g. Minor Rule Violation. A violation of a self-regulatory organization rule designated as a minor rule violation under a plan approved by the U.S. Securities and Exchange Commission. A rule violation may be designated as "minor" under a plan if the sanction imposed consists of a fine of $2,500 or less, and if the sanctioned person does not contest the fine.

2. Refrain from Adverse Conduct. A CFP® professional may not engage in conduct that reflects adversely on his or her integrity or fitness as a CFP® professional, upon the CFP® marks, or upon the profession. Such conduct includes, but is not limited to, conduct that results in:

   a. A Felony or Relevant Misdemeanor conviction, or admission into a program that defers or withholds the entry of a judgment of conviction for a Felony or Relevant Misdemeanor;

   b. A Finding in a Regulatory Action or a Civil Action that the CFP® professional engaged in fraud, theft, misrepresentation, or other dishonest conduct;

   c. A personal bankruptcy or business bankruptcy filing or adjudication where the CFP® professional was a Control Person of the business, unless the CFP® professional can rebut the presumption that the bankruptcy demonstrates an inability to manage responsibly the CFP® professional's or the business's financial affairs~~ responsibly~~;

   d. The assessment of a federal tax lien on property owned by the CFP® professional, unless the CFP® professional can rebut the presumption that the federal tax lien demonstrates an inability to manage the CFP® professional's financial affairs responsibly; or

   e. A non-federal tax lien, judgment lien, or civil judgment that has not been satisfied within a reasonable amount of time.

3. Reporting. A CFP® professional must provide written notice to CFP Board within 30 calendar days after the CFP® professional, or an entity over which the CFP® professional was a Control Person, has:

   a. Been charged with, convicted of, or admitted into a program that defers or withholds the entry of a judgment or conviction for, a Felony or Relevant Misdemeanor;

   b. Been named as a subject of, or whose conduct is mentioned adversely in, a Regulatory Investigation or Regulatory Action alleging failure to comply with the laws, rules, or regulations governing P~~p~~rofessional Services~~activities~~;

   c. Had conduct mentioned adversely in a Finding in a Regulatory Action involving failure to comply with the laws, rules, or regulations governing P~~p~~rofessional Services~~activities~~, other than a Regulatory Action involving a Minor Rule Violation in a Regulatory Action brought by a self-regulatory organization;

   d. Had conduct mentioned adversely in a Civil Action alleging failure to comply with the laws, rules, or regulations governing P~~p~~rofessional Services~~activities~~;

   e. Become aware of an adverse arbitration award or civil judgment, or a settlement agreement, in a Civil Action ~~in which the conduct is mentioned, and that ~~alleging~~es~~ failure to comply with the laws, rules, or regulations governing ~~p~~Professional Services, ~~activities~~ where the conduct of the CFP® professional, or an entity over which the CFP® professional was a Control Person, was mentioned adversely, other than a settlement for an amount less than $15,000;

~~e.~~f. Had conduct mentioned adversely in a Civil Action alleging fraud, theft, misrepresentation, or other dishonest conduct;

~~f.~~g. Been the subject of a Finding of fraud, theft, misrepresentation, or other dishonest conduct in a Regulatory Action or Civil Action ~~involving conduct in a non-professional capacity~~;

h. Become aware of an adverse arbitration award or civil judgment, or a settlement agreement in a Civil Action alleging fraud, theft, misrepresentation, or other dishonest conduct, where the conduct of the CFP® professional, or an entity over which the CFP® professional was a Control Person, was mentioned adversely;

~~g.~~i. Had a professional license, certification, or membership suspended, revoked, or materially restricted because of a violation of rules or standards of conduct;

~~h.~~j. Been terminated for cause from employment or permitted to resign in lieu of termination when the cause of the termination or resignation involved allegations of dishonesty, unethical conduct, or compliance failures~~relating to compliance, honesty, or ethical considerations~~;

~~i.~~k. Been named as the subject of, or been identified as the broker/adviser of record in, any written, customer-initiated complaint that alleged the CFP® professional was involved in:

i. Forgery, theft, misappropriation, or conversion of Financial Assets;

ii. Sales practice violations and contained a claim for compensation of $5,000 or more; or

iii. Sales practice violations and settled for an amount of $15,000 or more.

~~j.~~l. Filed for or been the subject of a personal bankruptcy or business bankruptcy where the CFP® professional was a Control Person;

~~k.~~m. Received notice of a federal tax lien on property owned by the CFP® professional; or

~~l.~~n. Failed to satisfy a non-federal tax lien, judgment lien, or civil judgment within one year of its date of entry, unless payment arrangements have been agreed upon by all parties.

4. Provide Narrative Statement. The written notice must include a narrative statement that accurately and completely describes the Material facts and the outcome or status of the reportable matter.

5. Cooperation. A CFP® professional may not make false or misleading representations to CFP Board or obstruct CFP Board in the performance of its duties. A CFP® professional must cooperate fully with CFP Board's requests, investigations, ~~and~~ disciplinary proceedings, and disciplinary decisions. Cooperation includes providing to CFP Board all requested information and documents that are in the CFP® professional's possession, custody, or control. A CFP® professional must use best efforts to obtain requested documents, not already provided to CFP Board, from those entities or persons whom the CFP® professional controls, including the CFP® professional's attorney. If the requested information and

documents are not provided, the CFP® professional must explain the efforts undertaken to obtain them, and why those efforts were unsuccessful.

6. Compliance with *Terms and Conditions of Certification and License*. A CFP® professional must comply with the *Terms and Conditions of Certification and License*.

F. Prohibition on Circumvention

A CFP® professional may not do indirectly, or through or by another person, any act or thing that the *Code and Standards* prohibit the CFP® professional from doing directly.

Glossary

CFP® Professional's Firm(s)*:* Any entity on behalf of which a CFP® professional provides Professional Services to a Client, and that has the authority to exercise~~s~~ control over the CFP® professional's activities, including the CFP® professional's employer, broker-dealer, registered investment adviser, insurance company, and insurance agency.

Client*:* Any person, including a natural person, business organization, or legal entity, to whom the CFP® professional provides or agrees to provide ~~renders~~ Professional Services pursuant to an Engagement.

Conflict of Interest*:* (a) When a CFP® professional's interests (including the interests of the CFP® Professional's Firm) are adverse to the CFP® professional's duties to a Client, or (b) When a CFP® professional has duties to one Client that may be adverse to another Client.

Control*:* The power, directly or indirectly, to direct the management or policies of the entity at the relevant time, through ownership, by contract, or otherwise.

Control Person*:* A person who has Control. ~~the power, directly or indirectly, to direct the management or policies of the entity at the relevant time, through ownership, by contract, or otherwise.~~

Engagement*:* An oral or written ~~or oral~~ agreement, arrangement, or understanding.

Family*:* Grandparent, parent, stepparent, father-in-law/mother-in-law, uncle/aunt, spouse, former spouse, spousal equivalent, domestic partner, brother/sister, stepsibling, brother-in-law/sister-in-law, cousin, son/daughter, stepchild, son-in-law/daughter-in law, nephew/niece, grandchild, and any other person whom the CFP® professional supports, directly or indirectly, to a material extent.

Financial Advice*:*

A. A communication that, based on its content, context, and presentation, would reasonably be viewed as a suggestion that the Client take or refrain from taking a particular course of action with respect to:

1. The development or implementation of a financial plan ~~addressing goals,budgeting, risk, health considerations, educational needs, financial security, wealth, taxes, retirement, philanthropy, estate, legacy, or other relevant elements of a Client's personal or financial circumstances;~~

2. The value of or the advisability of investing in, purchasing, holding, or selling Financial Assets;

3. Investment policies or strategies, portfolio composition, the management of Financial Assets, or other financial matters;

4. The selection and retention of other persons to provide financial or Professional Services to the Client; or

B. The exercise of discretionary authority over the Financial Assets of a Client.

The determination of whether Financial Advice has been provided is an objective rather than subjective inquiry. The more individually tailored the communication is to the Client, the more likely the communication will be viewed as Financial Advice. The provision of services or the furnishing or making available of marketing materials, general financial education materials, or general financial communications that a reasonable CFP® professional ~~person~~ would not view as Financial Advice, does not constitute Financial Advice.

***Financial Assets**:* Securities, insurance products, real estate, bank instruments, commodities contracts, derivative contracts, collectibles, or other financial products.

***Financial Planning**:* A collaborative process that helps maximize a Client's potential for meeting life goals through Financial Advice that integrates relevant elements of the Client's personal and financial circumstances.

***Material**:* Information is material when a reasonable Client or prospective Client would consider the information important in making a decision.

***Professional Services**:* Financial Advice and related activities and services that are offered or provided ~~or held out as being provided~~, including, but not limited to, Financial Planning, legal, accounting, or business planning services.

***Related Party**:* A person or business entity (including a trust) whose receipt of Sales-Related Compensation a reasonable CFP® professional would view as benefiting the CFP® professional or the CFP® Professional's Firm, including, for example, as a result of the CFP® professional's ownership stake in the business entity. There is a rebuttable presumption that a Related Party includes:

A. Family Members. A member of the CFP® professional's F~~f~~amily and any business entity that the F~~f~~amily or members of the F~~f~~amily C~~c~~ontrol; and

B. Business Entities. A business entity that the CFP® professional or the CFP® Professional's Firm C~~c~~ontrols, or that is C~~c~~ontrolled by or is under common C~~c~~ontrol with, the CFP® Professional's Firm. ~~Control is the power, directly or indirectly, to direct the management or policies of a business entity, whether through ownership of securities, by contract or otherwise.~~

***Scope of Engagement**:* The Professional Services to be provided pursuant to an Engagement.